



Public Hearing/Workshop Notice

Integrated Regional Growth Forecast and Regional Housing Needs Assessment (RHNA) Methodology

Conducted pursuant to Government Code Section 65584.04

Thursday, September 28, 2006

8:30 am – 12:30 pm

Contact: Ma'Ayn Johnson 213-236-1975

SCAG Main Office
818 W. 7th Street, 12th Floor
San Bernardino Room
Los Angeles, CA 90017

Video Conference Location
SCAG, Riverside Office
3600 Lime Street, Suite 216
Riverside, CA 92501

Southern California Association of Governments (SCAG) is conducting the first of two public hearing/workshops at the date, time, and location identified above. This public hearing/workshop signals SCAG's commencement of the Fourth Cycle of the Regional Housing Needs Assessment (RHNA) process to issue the Regional Housing Need Allocation Plan required by the State of California in order for local jurisdictions to prepare updated General Plan Housing Elements.

The following attachments are materials outlining the purpose of the public hearing/workshop:

- Attachment #1: Public Testimony from Interested Parties Regarding the Integrated Growth Forecast and RHNA Methodology
- Attachment #2: Review of SCAG's Work on the Regional Growth Forecast
- Attachment #3: The Development of the Integrated Growth Forecast
- Attachment #4: Linkage between Integrated Growth Forecasts and the RHNA Plan
- Attachment #5: RHNA Schedule and Timeline
- Attachment #6: Opportunities for Participation and Comments from Local Government and Stakeholders
- Attachment #7: Subregional Integrated Growth Forecast Workshops and Integration of Factors Affecting Growth

For more information regarding RHNA, please visit
<http://www.scag.ca.gov/Housing/rhna.htm>.

Attachment #1

To: All Interested Parties

**Subject: Background Information re: Public Testimony from Interested Parties
Regarding the Integrated Growth Forecast and RHNA Methodology**

Date: September 28, 2006

SCAG welcomes any written comments regarding the integrated growth forecast and RHNA methodology before the public hearing/workshop for SCAG's consideration and discussion at the event. Comments should be submitted no later than 5:00 p.m. on Thursday, September 21, 2006 to the following:

Southern California Association of Governments
818 W. 7th Street, 12th Floor
Los Angeles, CA 90017
Attention: Ma'Ayn Johnson

In addition, there will be an opportunity to provide oral testimony to ask questions during the public hearing/workshop.

Attachment #2

TO: All Interested Parties

SUBJECT: Work Shop Background Information: Review of SCAG's Work on the Regional Growth Forecast

DATE: September 28, 2006

In February 2005, the Community, Economic and Human Development Committee (CEHD) approved and directed staff to proceed with the 2007 RTP Growth Forecast Update Process, currently known as the 2007 integrated growth forecasting process for the 2007 RTP/EIR/RHNA and Compass Blueprint.

Consistent with the timelines and tasks specified in the forecasting process flow chart, Community Development/Forecasting staff, along with help from subregions, cities, and subregional coordinators, completed the following tasks during 2005.

1. Conducted survey of local jurisdictions regarding recent changes in general plan and developments that could affect the long term growth patterns envisioned in the 2004 RTP/Growth Vision policy forecast.
2. Provided Transportation Modeling Division the extended Year 2000 socio-economic data set for new model development and calibration.
3. Collaborated with subregions/local jurisdictions, reviewed and revised the 2003 base year small area distribution of employment, population, and household, and completed/delivered the 2003 extended socio-economic data set to Modeling Division.
4. Conducted survey of subregions/local jurisdictions regarding recent changes in general plan and developments that could affect the long term growth patterns envisioned in the 2004 RTP/growth vision policy forecast.
5. Requested and received inputs from subregions regarding their perspectives of future growth in population, employment and household.
6. Reviewed and presented recent trends in population, employment and household growth and completed preliminary 2007/08 RTP no-project growth forecasts at regional/county/subregion level.

So far in 2006, with additional assistance from the 2007 integrated growth forecasting consultant teams, the following major milestones were accomplished for the integrated 2007 RTP/EIR/RHNA growth forecasting process:

SCAG Public Hearing/Workshop

- January 2006: Working with consultants, convened the Panel of Experts to review and comment on 2007 RTP/EIR/RHNA growth forecast at regional/county/subregion level.
- February 2006: Counties/subregions and local jurisdictions were invited to present their perspectives on growth and any pertinent growth issues to SCAG staff and the Panel of Experts.
- March – August 2006: Presented the updated 2007 RTP/EIR/RHNA growth forecasts at region and county levels to the Plans & Programs Technical Advisory Committees and Panel of Experts
- September 7, 2006: Discussed the 2007 integrated growth forecasts at region/county level as well as forecasting and RHNA Pilot issues/questions with the Plans and Programs Technical Advisory Committee in their special meeting.
- September 14, 2006: The CEHD approved and directed staff to proceed with the disaggregation of the *draft* 2007 integrated regional/county forecasts into smaller geographic levels and scheduling of subregion/local jurisdiction workshops and input process.

Attachment #3

To: All Interested Parties

Subject: Background Information re: The Development of the Integrated Growth Forecast

Date: September 28, 2006

I. What is an Integrated Growth Forecast?

An integrated forecast is a picture of the most desired growth scenario for the Southern California region in the future. Growth scenario includes the size and distribution of growth in the region. It is based on a combination of recent and past trends, reasonable key technical assumptions, and existing and new local or regional policy options. The integrated growth forecast at the regional and small area level are used as input for developing the regional transportation plan (RTP), environmental impact report (EIR), compass blueprint plan, and the regional housing needs assessment (RHNA).

II. Process of Developing the 2007 Draft Integrated Growth Forecast

The development of the draft 2007 integrated growth forecast is driven by a principle of collaboration between the regional and local jurisdictions who are major players in the process. Integration of the output from the regional and local forecasts is achieved through joint efforts and collaboration between the different players. A Plans & Programs Technical Task Force (P&P TAC) assists in the process by providing technical and policy input. Policy Committees of the Regional Council are periodically informed of progress and provide direction to the program through the actions they take. The chart below illustrates the 2007 regional growth forecast process.

The first step is to analyze recent regional growth trends and collect significant local plan updates. A variety of large area estimates and projections are collected from federal and state governments. The major government sources include, are not limited to, U.S. Census Bureau, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, Internal Revenue Service, CA Department of Finance, CA Employment Development Department, Intergovernmental Review. Small area estimates and projections are also available from aerial land use data, ES202, CTPP, general plan, property data from tax assessor's office, building permit & demolition data.

The second step is to review and update regional growth forecast methodology and key assumptions. The widely used methodology includes the cohort-component method and the shift-share method. The key technical assumptions to be updated include fertility rate, mortality rate, net immigration, domestic in-migration, domestic out-migration, labor force participation rates, double jobbing rates, unemployment rates, and headship rates.

The third step is to update the existing 2004 regional growth forecast by using the updated key assumptions. The updated forecast is usually compared with the existing forecast.

The fourth step is to review and update the existing regional growth policies and strategies, which include compass blueprint, economic growth initiatives, goods movement strategy, etc. Relevant analysis include general plan capacity analysis, demonstration projects, regional growth principles, polling & focus groups, public workshops, I-PLACE3S.

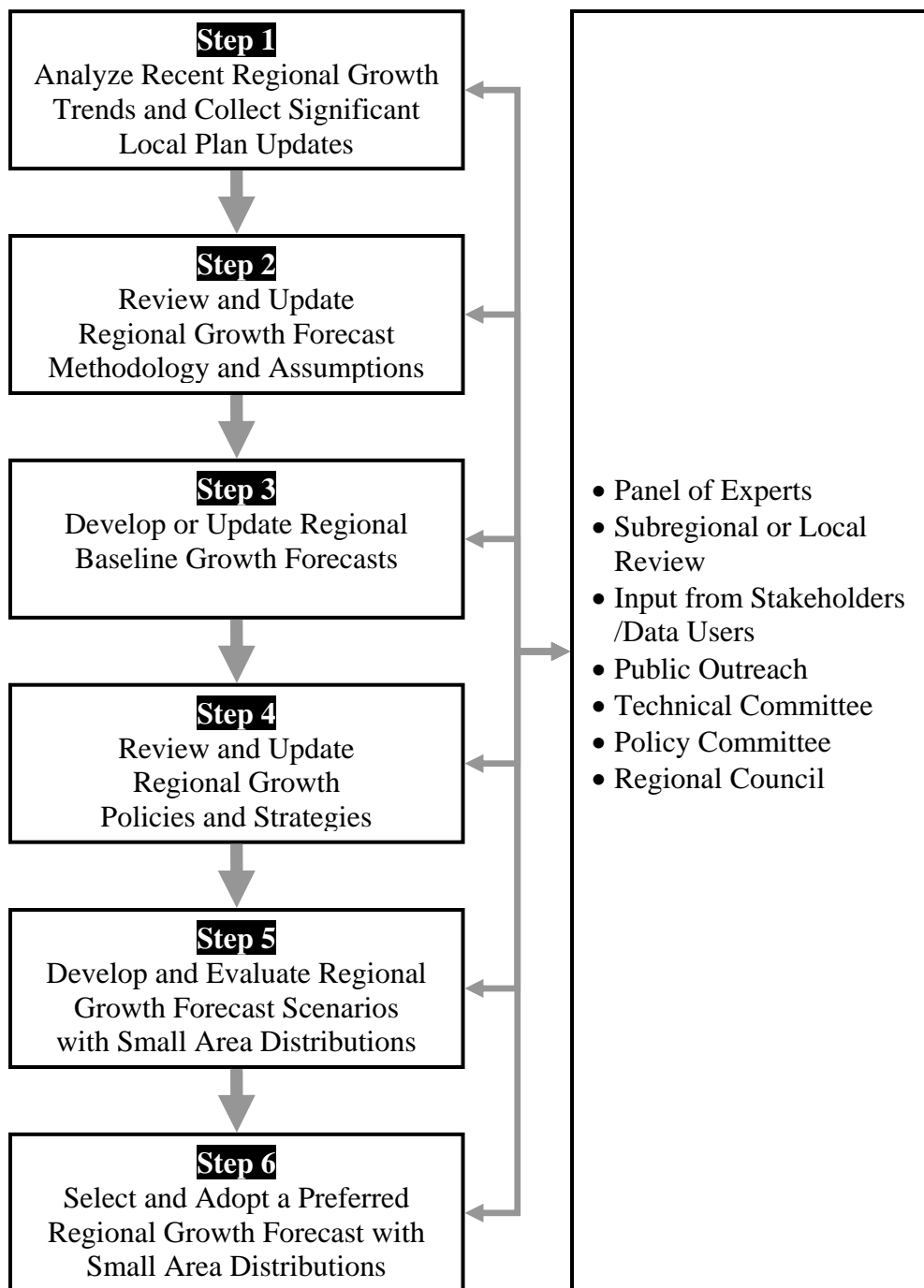
The fifth step is to develop and evaluate regional growth forecast scenarios with small area distributions. Regional growth forecast scenarios are developed and allocated into the smaller geographic levels using public workshops and I-PLACE3S. The small area distributions of the regional growth are evaluated using transportation and emission modeling results and environmental impact review.

The sixth and last step is to select and adopt a preferred regional growth forecast. A regional growth scenario with selected small area distributions is developed using transportation and environmental performance measures. Regional Council adopts a regional growth forecast.

An organized forecasting decision making process is required to develop a consensus regional growth forecast in an efficient and fair way. A variety of groups or input involved in the forecasting process include panel of experts, subregional/local review, stakeholders/data users, public outreach, technical committee, policy committee, and the regional council.

Please http://scag.ca.gov/rtptac/pdf/2006/tac041806_SCAG_0708RTP_Definitions.pdf for the detailed procedure of developing baseline growth forecasts.

Regional Growth Forecast Process



SCAG Public Hearing/Workshop

In April of 2004 the Regional Council adopted a subregional growth forecast, for the forecasts horizon of year 2000 to year 2030, as part of the Regional Transportation Plan (RTP). Adopted forecast variables include population, households, and employment.

For most of years 2004 and 2005, staff has analyzed recent regional growth trends and collected significant local plan updates. Staff also has reviewed and updated regional growth forecast methodology and key assumptions.

The following is a list of major milestones of the draft 2007 integrated regional growth forecast since February 2006:

February 2006: Counties and subregions were invited to present their forecasts and any pertinent growth issues to SCAG. SCAG staff developed the draft growth forecast without regional policy impacts, reflecting the recent demographic and economic trends and updated key technical assumptions. The base year changed from 2000 to 2003, and the target year from 2030 to 2035.

February 2006 - September, 2006: Staff presented growth forecasting methodology, assumptions, and results to P&P TAC.

May 2006: Staff convened a panel of experts to review and comment on the draft 2007 integrated growth forecast at the regional and county level.

September 2006: Staff will disaggregate the draft 2007 integrated regional growth forecast into smaller geographic levels (pending the CEHD action)

October 2006: Staff will hold the subregional integrated growth forecast workshops to refine draft small area distributions.

III. Baseline Regional and County Forecasts: Methodology

1. Population

Two factors account for population growth: natural increase (which is the balance between births and deaths) and net migration (which is the balance between the number of people coming and leaving the region). Net migration is differentiated between domestic migrants (people moving in and out of the region to other parts of the nation, immigrants (legal and undocumented) moving to the region from other countries.

$$\text{2030 POPULATION} = \text{2000 POPULATION} + \text{NATURAL INCREASE} + \text{NET MIGRATION}$$

SCAG projects regional population using the cohort-component model. The model computes the population at a future point in time by adding to the existing population the number of group quartered population, births and persons moving into the region during a projection period, and by subtracting the number of deaths and the number of persons moving out of the area. This process is formalized in the demographic balancing equation. The fertility, mortality and migration rates are projected in five year intervals for eighteen age groups, for four mutually exclusive ethnic groups: Non-Hispanic White, Non-Hispanic Black, Non-Hispanic Asian and Hispanic. The birth rates are also projected by population classes: residents (and domestic migrants) and international migrants.

SCAG links population dynamics to economic trends, and is based on the assumption that patterns of migration into and out of the region are influenced by the availability of jobs. The future labor force supply is computed from the population projection model by multiplying civilian resident population by projected labor force participation rates. This labor force supply is compared to the labor force demand based on the number of jobs projected by the shift/share economic model. The labor force demand is derived using two step processes. The first step is to convert jobs into workers using the double job rate. The double job rate is measured by the proportion of workers holding two jobs or more to total workers. The second step is to convert workers into labor force demand using the ideal unemployment rate. If any imbalance occurs between labor force demand and labor force supply, it is corrected by adjusting the migration assumptions of the demographic projection model. Adjustment of migration assumptions is followed by total population changes.

The county forecasts are developed by analyzing the difference between the sum of initial county forecasts and the regional independent projections. If results are significantly divergent, input data at the county level is adjusted to bring the sum of counties projection and the regional independent projections more closely in line. Complete agreement between two projections is not mandatory. After analysis, the sum of counties constitutes the regional forecasts.

2. Household Forecasts

A household includes all the persons who occupy a housing unit as their usual place of residence. By definition, the count of households or householders is the same as the count of occupied housing units for 100-percent tabulations.

SCAG projects regional households by using headship rate method. The projected households at a future point in time are computed by multiplying the projected resident population by projected headship rates. The headship rates are projected by age, sex, and race/ethnicity.

Headship rate is the proportion of a population cohort that forms the household. It is specified by age and ethnicity. Headship rate is projected in five year intervals for seven age groups (for instance, 15-24, 25-34, 35-44, 45-54, 55-64, 65-74, 75+), for four mutually exclusive ethnic groups.

3. Housing Unit Forecasts

A housing unit is a house, an apartment, a mobile home or trailer, a group of rooms or a single room occupied as separate living quarters or, if vacant, intended for occupancy as separate living quarters. Separate living quarters are those in which the occupants live and eat separately from any other persons in the building and which have direct access from outside the building or through a common hall. Both occupied and vacant housing units are included in the housing unit inventory.

A housing unit is vacant if no one is living in it at the time of enumeration, unless its occupants are only temporarily absent. Units temporarily occupied at the time of enumeration entirely by persons who have a usual residence elsewhere are also classified as vacant. Vacant units include vacant units for: sale only; rent only; seasonal, recreational, or occasional use; migrant workers; rented or sold, not occupied; other.

SCAG projects regional housing units by using total vacancy rate method. The projected housing units at a future point in time are computed by dividing the projected households by occupancy rates (e.g., 1- total vacancy rates). Total vacancy rate is calculated by dividing the number of total vacant units by the number of total housing units.

4. Employment Forecasts

Employment forecasts utilize a top down procedure starting with a U.S. forecast, followed by California, and finally the SCAG region and counties. The regional employment forecasts will interact with the regional population forecasts. The first step is to project the U.S. labor force based on projections of total population and labor force participation rates. Total jobs are projected from total labor force, unemployment rate, and the ratio of total jobs to employed residents. Total jobs are then projected to a one-digit industry code based on historical trends of the one-digit shares of U.S. total jobs. The second step is to forecast California total jobs for each forecast year based on U.S. total jobs and the job share of California to U.S. for each forecast year. California total jobs are then projected to the one-digit industry code based on historical trends in the one-digit shares of California total jobs. The third step is, to forecast regional total jobs for each forecast year based on California total jobs and the job share of the SCAG region to California for each forecast year. Total jobs are then projected to a one-digit industry code based on historical trends in the one-digit share of SCAG regional total jobs. The fourth step is to forecast county total jobs for each forecast year based on regional total jobs and the job share of each county to the SCAG region for each forecast year. Total jobs are then projected to a one-digit industry code based on historical trends in the one-digit share of county total jobs. The preliminary are adjusted by future aging patterns and related labor force patterns of each county.

Please see http://scag.ca.gov/rtpac/pdf/2006/tac031606_SCAGBaselineForecastREV0404.pdf and http://scag.ca.gov/rtpac/pdf/2006/tac041806_SCAGBaselineForecast_Draft_r4.pdf for detailed methodology and assumptions of developing baseline forecasts.

IV. Regional and County Forecasts with Policy Impacts: Methodology

Preliminary 2004 RTP growth forecasts update is completed by incorporating two regional policies into the baseline growth forecasts. There are two regional policies that will affect future size and distribution of baseline forecasts of employment, population, households, and housing units: one is Compass/Blueprint; the other one is private sector investment. Given the fact Compass/Blueprint does not affect the growth and distribution at the county level, the private sector investment only will be considered to influence the future growth and distribution at the county level. First, the regional job impacts of private investment are calculated for 20 NAICS sectors (by 2-digit) based on input-output analysis. These job impacts are distributed to counties based on growth share methodology for each sector. Second, further adjustment was made based on 2004 RTP job distribution. Third, the regional job impacts are translated into the regional population adjustment using the economic-demographic model. Additional population is distributed to counties following the additional household adjustment. Fourth, population adjustment is translated into households by using the household projection model. The regional household adjustment is distributed to counties following the county distribution of additional jobs. Fifth and last, additional household adjustment is translated into housing units by using the total vacancy rate. The regional housing unit adjustment is distributed following the county distribution of additional households.

Please see http://scag.ca.gov/rtpac/pdf/2006/tac081706_Forecast.pdf for assessing regional policy impacts and allocating county distribution.

ATTACHMENT:

2007 Integrated Growth Forecast Draft Population Forecast (in thousands)

Population	2000	2005	2010	2014	2015	2020	2025	2030	2035
Imperial	142	164	191	209	214	235	255	275	296
Los Angeles	9,519	10,206	10,619	10,908	10,980	11,336	11,695	12,059	12,417
Orange	2,846	3,060	3,281	3,406	3,437	3,557	3,632	3,678	3,718
Riverside	1,545	1,921	2,225	2,447	2,502	2,770	3,055	3,338	3,619
San Bernardino	1,710	1,971	2,182	2,323	2,359	2,540	2,734	2,947	3,169
Ventura	753	814	862	898	906	949	990	1,030	1,070
SCAG	16,517	18,136	19,361	20,191	20,398	21,387	22,361	23,328	24,290

Draft

2007 Integrated Growth Forecast Draft Household Forecast (in thousands)

Households	2000	2005	2010	2014	2015	2020	2025	2030	2035
Imperial	39	45	54	60	61	69	76	83	91
Los Angeles	3,134	3,211	3,377	3,501	3,536	3,704	3,847	3,979	4,089
Orange	935	981	1,016	1,042	1,048	1,066	1,086	1,101	1,113
Riverside	506	608	710	786	811	912	1,025	1,126	1,220
San Bernardino	529	576	641	690	706	776	857	926	994
Ventura	243	260	276	287	291	306	322	337	351
SCAG	5,386	5,681	6,073	6,366	6,453	6,833	7,213	7,552	7,858

Draft

2007 Integrated Growth Forecast Draft Housing Forecast (in thousands)

Housing Units	2000	2005	2010	2014	2015	2020	2025	2030	2035
Imperial	44	50	60	67	68	77	85	93	101
Los Angeles	3,271	3,352	3,525	3,655	3,691	3,867	4,016	4,153	4,268
Orange	969	1,016	1,053	1,080	1,087	1,105	1,125	1,140	1,154
Riverside	585	703	820	908	936	1,053	1,184	1,301	1,409
San Bernardino	601	656	729	785	804	883	974	1,054	1,131
Ventura	252	269	285	297	301	317	333	349	363
SCAG	5,722	6,046	6,472	6,791	6,886	7,301	7,718	8,090	8,426

Note: housing unit forecasts = household forecasts / (1- total vacancy rate from 2000 census)

Draft

2007 Integrated Growth Forecast Draft Employment Forecast (in thousands)

Employment	2000	2005	2010	2014	2015	2020	2025	2030	2035
Imperial	54	58	66	70	72	81	92	104	116
Los Angeles	4,444	4,397	4,557	4,655	4,689	4,800	4,927	5,054	5,180
Orange	1,517	1,632	1,777	1,851	1,869	1,926	1,982	2,032	2,080
Riverside	514	648	782	880	914	1,025	1,152	1,283	1,420
San Bernardino	587	704	810	880	905	994	1,097	1,207	1,321
Ventura	323	345	373	391	397	418	438	458	480
SCAG	7,440	7,785	8,365	8,728	8,847	9,244	9,688	10,138	10,596

Draft

Attachment #4

TO: All Interested Parties

SUBJECT: Background Information re: Linkage between Integrated Growth Forecasts and the RHNA Plan

DATE: September 28, 2006

The Integrated Growth Forecasts will produce Four Major Variables:

1. Population
2. Employment
3. Households
4. Housing Units

At the following geographic levels:

- SCAG region,
- County,
- Subregion,
- Jurisdiction, and
- Transportation Analysis Zone (TAZ)

All variables at five-year increments will be published for the region, county, subregion, and TAZ. For the RHNA planning purpose and requirements, city level figures will only be available for up to year 2014.

At the regional level:

Total regional construction needs between 2005 and 2014 =

(Household growth between 2005 and 2014) adjusted for:

- (a) 2000 Census vacancy rates proposed by SCAG Pilot proposal, and
- (b) Replacement needs from DOF

At the sub-regional level:

The allocation plan among all jurisdictions could use the following forecasting variables individually, or their combinations on different weights:

- Current and projected jobs growth
- Current and projected housing/households growth
- Current and projected population growth

Attachment #5

To: All Interested Parties

Subject: Background Information re: RHNA Schedule and Timeline

Date: September 28, 2006

**DRAFT Growth Integrated Forecast/ RHNA Timeline
August 2006- June 2008**

Aug 28	Public notification of first public hearing/methodology workshop and outline of RHNA process.
Aug 29	Notify subregions of subregional delegation opportunity.
Sept 14	SCAG forms CEHD subcommittee to work on housing methodology policy.
Sept 15 – Nov 2006	Housing subcommittee meets to discuss and make recommendations to CEHD on RHNA housing methodology policies.
Sept 15	Deadline for subregions to notify SCAG of intent to accept delegation.
Sept 28	First public hearing/methodology workshop. SCAG will take testimony, present the four variables, and explain what factors were used for the forecast and how this work informs the RHNA process.
Oct 2006	SCAG conducts 14 subregional workshops.
Oct 2006	Public notification 30 days in advance of second public hearing/methodology workshop.
Nov 2006	Second public hearing/methodology workshop. This will convene after the final Housing Subcommittee meeting and will focus on policy recommendations.
Dec 1	SCAG will approve the 4 variables and RHNA draft regional housing allocation plan for all jurisdictions. Review/appeals process begins.
Feb 1, 2007	Last day for jurisdictions to file appeals based on AB 2158 factors.
Feb 11	Deadline for SCAG to notify jurisdictions of a public hearing for their appeal within 10 days of receiving the intent to appeal.
Mar 11-16	Public hearings held for appealing jurisdictions based on AB 2158 factors. The hearings will be held between 30 and 35 days from the date of SCAG's notification.
Mar 16	End of the appeals filing and hearing process. Alternative distribution and transfers may occur until SCAG adopts a final housing need allocation plan.
May 3	SCAG issues a proposed final allocation plan based on appeals and input received. This occurs within 45 days of the end of the appeals filing and hearing process.
Jun 7	SCAG holds a public hearing to present the final housing need allocation plan. This occurs within 45 days of issuance of the proposed final allocation plan.
Jun 8	SCAG submits its final housing need allocation plan to HCD.
Aug 8, 2007	Final adoption of the Housing Allocation Plan by HCD.
Jun 30, 2008	Due date for jurisdictions in the SCAG Region to submit revised Housing Elements to HCD.

Definitions of Acronyms:

RHNA: Regional Housing Needs Assessment

The process of determining the regional fair share of statewide housing. The distribution of the regional need on a jurisdiction by jurisdiction basis is adopted in the housing need allocation plan submitted to HCD.

SCAG: Southern California Association of Governments

Regional Council of Governments (COG) mandated in state law to prepare the regional housing need assessment and allocation plan for the six-county area.

CEHD: SCAG Community, Economic and Human Development Committee

One of three SCAG policy committees responsible for policy development and oversight of the regional housing need assessment and allocation plan.

HCD: State of California Department of Housing and Community Development

As California's principal housing agency, the mission of HCD is to provide leadership, policies and programs to expand and preserve safe and affordable housing opportunities and promote strong communities for all Californians. HCD is the responsible state agency for implementation of California Government Code Sections 65580-65589.8.

Attachment #6

To: All Interested Parties

Subject: Background Information re: Opportunities for Participation and Comments from Local Government and Stakeholders

Date: September 28, 2006

AB 2158 Housing Allocation Factors between Communities

Consistency between long range regional transportation planning goals in the SCAG Compass Blueprint growth vision and the Regional Housing Needs Assessment statutory objectives are overarching planning considerations. Local input on the integrated growth forecast may have already taken into account the allocation methodology factors identified in state housing law. Many AB 2158 planning considerations and factors are addressed in the SCAG Integrated Growth Forecast, but some are not, and still others may not be adequately addressed. The housing law planning considerations for Regional Housing Needs Assessment (RHNA) allocation methodology are intended as factors to consider when determining shares of housing need between communities. These factors may be weighted in a housing distribution formula or incorporated into the regional and subregional growth forecast generally.

RHNA Factors

During the growth forecasting process and in the development of a housing allocation methodology, specifically, SCAG will consider the specific opportunities and constraints presented by jurisdictions that pertain to the AB 2158 planning considerations identified in state housing law for use in the Regional Housing Needs Assessment (RHNA) process. Local government and public input is needed to determine which factors need to be more fully addressed, how the factors are to be used or considered, and whether they should be weighted for allocation purposes. The factors cannot be used to lower the regional housing need. Thus their purpose is to assign shares of the regional or subregional housing need between jurisdictions in a market area.

More over, the RHNA factors should only be incorporated in the allocation of housing need if they are not adequately considered in the Integrated Growth Forecast or in the local and subregional input gathered in support of it. Since the purpose is to distribute housing need, the factors must be used to differentiate development suitability between jurisdictions in the 2005 to 2014 housing element planning period.

Some factors may be more suitable for use in a jurisdiction's local housing element or general plan than for regional or subregional allocation purposes. This is because the RHNA assigns housing need to a jurisdiction as a whole, and not to a specific place. For example, a factor might indicate a lack of development suitability in one part of a community, which may still be off set by development potential elsewhere in the

jurisdiction. Local governments must balance housing growth with other local needs in assessing their suitability for future housing development collectively with other jurisdictions.

The AB 2158 factors identified in the housing law are described below along with suggestions on how they may be addressed in an allocation methodology:

- Existing and projected job housing balance. Housing distributions should be related to employment centers and growth locations to reduce commutes; vehicle miles traveled congestion and improve housing availability, where appropriate. Each jurisdictions projected share of employment could be used as a basis for adjusting housing allocations, especially when there is a mismatch between residential development expected and employment growth across a region or subregion.
- Lack of sewer or water service due to federal and state laws, regulations or regulatory actions, or supply and distribution decisions made by a sewer or water service provider other than the local jurisdiction that preclude the jurisdiction from providing necessary infrastructure for additional development during the planning period. This factor may be difficult to use in an allocation methodology designed to determine shares of housing need between communities. It is a physical / fiscal constraint that temporarily curbs growth potential and may be difficult to distinguish from growth caps that are prohibited by the housing statute. As an allocation factor it could be used in conjunction with a developable land measure.
- The availability of land suitable for urban development or for conversion to residential use, the availability of underutilized land, and opportunities for infill development and increased residential densities. This type of consideration is usually provided through local and subregional input into the regional growth forecast. This factor may also be used in conjunction with a developable land measure.
- Lands preserved or protected from urban development under existing federal and state programs, or both, designed to protect open space, farmland, environmental habitats, and natural resources on a long-term basis. This is a primary input and consideration in the regional growth forecast and is incorporated in potential desegregations.
- County policies to preserve agricultural land. The protection of prime agricultural land is also a prime consideration in the regional growth forecast as a non-desegregation factor.
- The distribution of household growth assumed for purposes of a comparable period of regional transportation plans and opportunities to maximize the use of

public transportation and existing transportation infrastructure. This factor is addressed through the integrated growth forecast for the Regional Transportation Plan and Compass Blueprint or growth vision. It is the basis for all regional plans, including the RHNA.

- The market demand for housing. The housing statute calls for all jurisdictions to receive a housing allocation. The market demand for housing is considered as a function of population and employment growth in the regional growth forecast and local input.
- County policies to preserve prime agricultural land within in unincorporated area. The regional growth forecast basis itself on subregional and local input on where growth should and should not occur. This land use input is incorporated into the regional growth forecast.
- The loss of units contained in assisted housing developments. This is a local planning consideration which affects the proportion of affordable housing needed within a jurisdiction. However, SCAG has prepared detailed projections of units at risk of conversion from subsidized affordable housing to market rate housing for both expiring federal Section 8 projects and federal and state Low Income Housing Tax Credit projects so communities may see the collective impact of such conversions over the local housing element planning period.
- High housing costs burdens. An allocation factor could assign more housing to high housing cost jurisdictions relative to lower housing cost jurisdictions based on the regional or county average housing cost.
- Needs of farm workers. In addressing the needs of farm workers, a subregional rather than a regional factor should be considered because farm worker housing needs are concentrated geographically and across farm communities in specific SCAG region counties and sub areas.
- Other considerations as adopted by SCAG. Other factors beyond those in the RHNA housing statute may be considered by SCAG and suggestions are welcome.

The use of AB 2158 factors will ensure more local input in the housing allocation process and allow for local circumstances to be addressed. However, according to existing housing law, a jurisdiction cannot justify a determination or reduction in its share of housing allocation using any ordinance, policy, or voter-approved measure of a city or county that directly limits the number of residential building permits issued by a city or county.

Opportunity for AB 2158 Planning Considerations

The Regional Housing Needs Assessment Pilot Program intends to ensure that local input and feedback are presented and considered during the housing allocation process. The Pilot Program provides two opportunities for incorporating AB 2158 factors as planning considerations for housing allocation:

1. Integrated Growth Forecast/ RHNA Workshops in each Subregion to evaluate local growth distributions: October/November 2006

SCAG will hold a subregional workshop to present housing allocation for each subregion. The purpose of these workshops is to discuss the regional growth forecast and the factors upon which housing needs are proposed to be allocated to subregions. The subregional workshops will also present opportunities for jurisdictions and members of the public or relevant stakeholders to provide information to SCAG on the AB 2158 factors to reflect local needs.

A workshop schedule will be posted online: <http://scag.ca.gov/Housing/rhna.htm>. Please check for updates.

2. Appeal of Regional and Subregional Housing Allocations: February/March 2007

In order to ensure that the housing forecast and allocation engage local needs, a city or county may appeal its draft allocation based on AB 2158 factors, which are listed under existing law. This will allow for local planning considerations to be incorporated again as input in order to reach a consensus for housing allocation.

Attachment #7

To: All Interested Parties

Subject: Background Information re: Subregional Integrated Growth Forecast Workshops and Integration of Factors Affecting Growth

Date: September 28, 2006

Background

The intent of the subregional Integrated Growth Forecast workshops is to develop a consensus scenario for use in refining the land use component of the 2007 RTP and Integrated Growth Forecast. The workshops will be engineered to work at the subregional level, with the subregion hosting the event and SCAG providing the materials. They will allow for SCAG to gather detailed information from local government representatives. These workshops will be held during October and November of 2006. Compass team members are working with the subregional coordinators to arrange times and locations.

An Integrated Forecast

The subregional workshops are built around two primary objectives. The first is to take advantage of local knowledge in refining the region's distribution of growth and, second, to use maps to gather input on the location and style of this growth. In previous Regional Transportation Plans, the distribution of the forecast was aimed solely on providing the detail required to run the regional transportation model to assess the environmental, economic and quality of life aspects of the transportation network. Starting with the 2004 RTP, the process included the incorporation of land use growth visioning. The 2004 RTP and Compass Blueprint added non-regulatory land use maps to the databases used for transportation modeling. This year's Compass Blueprint workshops will help to both refine the land use components, and verify the feasibility of the assumptions within. The focus is small area disaggregation within a community so collectively a vision for the subregion can be framed.

In addition, the Integrated Growth Forecast will be the platform for the Regional Housing Need Allocation. While this is not the RHNA process, it is the opportunity to examine the 2035 housing unit forecast, and the 2015 forecasts for a community that will eventually be an input into the RHNA process that SCAG has initiated.

Growth Expectations

This review will allow the Compass program to construct a region-wide map of growth potential. A true understanding of the landscape's capacity for growth is critical in planning for a variety of future needs such as housing, economic development and provision of infrastructure.

In simple terms, growth potential is simply the amount of housing and jobs allowed by general plans and zoning, applied to the amount of land within a jurisdiction that is either vacant or likely to experience infill development. However, there are many growth factors that can affect growth potential. In this process, we will be documenting any growth inducing or limiting factor to ensure that SCAG's estimates of growth capacity are accurate. While the RTP process includes a growth forecast with little, if any, regulatory impact, this is an opportunity to introduce the factors that will have an impact on the RHNA process, which the State of California does implement through regulations on cities and counties.

The AB 2158 factors identified in the housing law that may be addressed at the workshops are described below along with suggestions on how they may be used in an allocation methodology:

- Existing and projected job housing balance. Housing distributions should be related to employment centers and growth locations to reduce commutes; vehicle miles traveled congestion and improve housing availability, where appropriate. Each jurisdictions projected share of employment could be used as a basis for adjusting housing allocations, especially when there is a mismatch between residential development expected and employment growth across a region or subregion.
- Lack of sewer or water service due to federal and state laws, regulations or regulatory actions, or supply and distribution decisions made by a sewer or water service provider other than the local jurisdiction that preclude the jurisdiction from providing necessary infrastructure for additional development during the planning period. This factor may be difficult to use in an allocation methodology designed to determine shares of housing need between communities. It is a physical / fiscal constraint that temporarily curbs growth potential and may be difficult to distinguish from growth caps that are prohibited by the housing statute. As an allocation factor it could be used in conjunction with a developable land measure.
- The availability of land suitable for urban development or for conversion to residential use, the availability of underutilized land, and opportunities for infill development and increased residential densities. This type of consideration is usually provided through local and subregional input into the regional growth forecast. This factor may also be used in conjunction with a developable land measure.
- Lands preserved or protected from urban development under existing federal and state programs, or both, designed to protect open space, farmland, environmental habitats, and natural resources on a long-term basis. This is a

primary input and consideration in the regional growth forecast and is incorporated in potential desegregations.

- County policies to preserve agricultural land. The protection of prime agricultural land is also a prime consideration in the regional growth forecast as a non-desegregation factor.
- The distribution of household growth assumed for purposes of a comparable period of regional transportation plans and opportunities to maximize the use of public transportation and existing transportation infrastructure. This factor is addressed through the integrated growth forecast for the Regional Transportation Plan and Compass Blueprint or growth vision. It is the basis for all regional plans, including the RHNA.
- The market demand for housing. The housing statute calls for all jurisdictions to receive a housing allocation. The market demand for housing is considered as a function of population and employment growth in the regional growth forecast and local input.
- County policies to preserve prime agricultural land within in unincorporated area. The regional growth forecast basis itself on subregional and local input on where growth should and should not occur. This land use input is incorporated into the regional growth forecast.
- The loss of units contained in assisted housing developments. This is a local planning consideration which affects the proportion of affordable housing needed within a jurisdiction. However, SCAG has prepared detailed projections of units at risk of conversion from subsidized affordable housing to market rate housing for both expiring federal Section 8 projects and federal and state Low Income Housing Tax Credit projects so communities may see the collective impact of such conversions over the local housing element planning period.
- High housing costs burdens. An allocation factor could assign more housing to high housing cost jurisdictions relative to lower housing cost jurisdictions based on the regional or county average housing cost.
- Needs of farm workers. In addressing the needs of farm workers, a subregional rather than a regional factor should be considered because farm worker housing needs are concentrated geographically and across farm communities in specific SCAG region counties and sub areas.

- Other considerations as adopted by SCAG. Other factors beyond those in the RHNA housing statute may be considered by SCAG and suggestions are welcome.

Preparation for the workshops

Several weeks prior to the workshops each city or county will receive a packet in the mail that includes:

1. An explanatory memorandum
2. A map of their jurisdiction depicting the Compass Blueprint growth pattern, the 2% strategic areas, the TAZ boundaries and the amount of growth expected in each
3. A table listing all the TAZs within the subregion that will describe the Jobs, Population, Households and Housing Units that are assumed to fit within each
4. A table listing the total expected growth for each city (listed as Jobs, Population, Households and Housing Units)
5. A form for describing growth factors that affect the jurisdiction's capacity for housing and jobs
6. A CD with a number of aids, including spreadsheets, GIS data, and Google Earth layers so participants can prepare for the meetings.

Participants should come to the workshop with a completed form responding to the growth factors. During workshop, they will be able to discuss how these issues affect the growth capacity of their cities or counties. Additionally, those participants that had not filled out the forms in advance will be able to do so during the workshop. All the growth factor forms will be assembled into a record that will accompany the forecast input.

The Workshop Format

The workshops are engineered to bring together local and regional experts on land use and growth capacity. Participants will be split into small groups (roughly 8 people). Each group will work at a facilitated table to review maps of the updated Compass land use scenario (the adopted 2004 RTP updated to 2035). Using Icons representing the Compass development types and pens, participants will redirect growth as necessary. In addition the participants will be asked to assess the growth factors described above. This input will be recorded both on the map and on the forms sent previously to participants.

Participants will be invited to redefine the Compass 2% areas – those areas that develop in high density mixed use and also are targeted for transportation improvements.

SCAG Public Hearing/Workshop

Once the 2035 forecast is reviewed, participants will be asked to assess the 2015 forecast, with special attention to the housing unit forecast for the jurisdiction.

Tools will be available to visualize and analyze the changes proposed in real time, including scenario evaluation software and Google Earth with the plan overlays in place.

The goal is for cities and counties to work to refine the future locations of growth while working together to maintain a consistent share of the region's growth within their subregion. At the same time they will relay the specific reasons for cases where projected growth may not be feasible.

As this is a workshop, no responses at the workshop are considered formal. This is an exchange of information to ensure that SCAG's Integrated Growth Forecast is based on the best available data.

Building a consensus scenario

Following the workshops, SCAG's Compass team will use the input to develop a consensus land use scenario. The scenario will be mapped, and integrated with the transportation planning activities of the RTP. The combination of the Compass land use scenario with SCAG's transportation network planning will result in an alternative for testing in the 2007 RTP.

In addition, the 2015 housing forecast will be an input for the RHNA process. Subsequent to this forecast process, SCAG will work with local governments and the state Department of Housing and Community Development (HCD) to develop the housing need forecasts based on the 2015 housing unit forecast developed during this process.

The workshops are voluntary scenario building sessions and are NOT to be considered the City's official response. Only an officially transmitted letter will be considered official. The results of the workshop will be used to exchange information, to identify potential areas of consensus, to identify areas where SCAG will need to revisit the forecast.

No SCAG map or scenario will be used to determine any land use issue inside a city limit. Only the city household number will be used for the RHNA starting number. The land use scenario will be used collaboratively with local governments to identify land use strategies that are effective in reducing transportation demand and maximizing infrastructure investment.

We expect that these workshops will be a lively and illuminating experience.